MEMBERS OF THE LEGISLATIVE ASSEMBLY PENSION PLAN

ANNUAL REPORT

for the fiscal year ended March 31, 1991

Alberta
TREASURY

92-07121/

Alberta

PROVINCIAL TREASURER
224 Legislature Building, Edmonton, Alberta, Canada T5K 2B6

The Speaker of the Assembly

Sir:

Pursuant to section 4 of the Members of the Legislative Assembly Pension Plan Act, being Chapter M-12.5 of the 1985 Statutes of Alberta, I have the honour to lay before the Assembly the annual report on the operation of the Members of the Legislative Assembly Pension Plan for the fiscal year ended March 31, 1991.

Respectfully submitted,

Dick Johnston
Provincial Treasurer

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Introduction

The Members of the Legislative Assembly Pension Plan was established effective May 7, 1969, by the MLA Pension Act to provide a contributory pension scheme for Members of the Legislative Assembly (MLAs).

The MLA Pension Act was repealed on November 1, 1985, and replaced by the Members of the Legislative Assembly Pension Plan Act. Under the new legislation, policy and administration became the responsibility of the Lieutenant-Governor in Council and the Minister respectively, while provision was made for a Board to be assigned an advisory and appellate role.

Plan Overview

Participation in the Members of the Legislative Assembly Pension Plan is voluntary and MLAs may elect to participate at any time while holding office. It is a contributory defined benefit plan under which the MLA contributes at a rate of 7.5 percent of the allowance paid with respect to each office held. The Government makes a matching contribution. The net amount of pension contributions less payments is deposited to or withdrawn from the Pension Fund Pursuant to the Pension Fund Act. The income of the Pension Fund accrues to and forms part of the Fund. The Government of Alberta guarantees the payment of all benefits under the Members of the Legislative Assembly Pension Plan.

Those members who retire with at least five years of pensionable service in the office of the MLA are entitled to a pension. Those members who retire from an office other than MLA with at least one year in that office and at least five years as an MLA are entitled to a pension in respect of that other office. Pension benefits are based on 4 percent of the highest average pensionable allowances for three consecutive years, times the number of years of pensionable service in an office. If the member has an eligible spouse, unless a waiver is signed by that spouse, the pension paid must be in the normal form of pension. The normal form of a pension is payable for the life of the member with a 75 percent spousal survivor benefit. Single members may elect a life pension, choosing a five, 10, 15, or 20 year guarantee period. They may also elect a joint life pension based on their life and that of a nominee.

Members may retire at any time, if five years of pensionable service have been accumulated. If retirement takes place after age 55, or if age plus pensionable service equal 55 years or greater, no actuarial reduction is applied to the benefit. The plan also makes provision for those members who die prior to retirement and have accumulated at least five years of pensionable service. In such cases, the surviving spouse is entitled to either a spousal pension or a lump sum benefit. The spousal pension is equal to the survivor benefit of a non-reduced joint life pension. A beneficiary other than a spouse must accept a lump sum benefit.

Review of Operations

The Members of the Legislative Assembly Pension Plan is administered by the Payroll and Pensions Division of Alberta Treasury.

During the year under review, the division continued on an active course of automation, computer systems upgrading and procedural improvement. The administration of retirement benefits received particular attention with the redevelopment of the retirement benefit calculations. In addition, pension file tracking was enhanced, better payment controls were implemented and system response time was improved.

Review and planning for federal and provincial pension reform involved all sections of the Pension Administration.

Actuarial Liabilities

An independent actuarial valuation carried out at March 31, 1990, estimated the accrued liability of the Members of the Legislative Assembly Pension Plan to be $47,000,000. The normal actuarial cost of the plan as a percentage of payroll was estimated at 45.5 percent.

Participation

At March 31, 1991, there were a total of 86 individuals participating in the MLA Pension Plan, three of whom were terminated members who had either not made a choice regarding their plan status or were awaiting a deferred pension. Of the 83 active members, 28 were also participating in respect of their Executive Council office, and seven were participating as Speaker, Deputy Speaker, and Leaders of Opposition parties.

Contributions

The schedule below summarizes the member and government contributions for the year ended March 31, 1991:

	Participants At March 31, 1991	Contributions Received		
		Member $	Government $	Total $
Members of the Legislative Assembly	86	403,608	376,486	780,094
Members of the Executive Council	28	96,242	96,242	192,484
Speaker, Deputy Speaker, and Leaders of the Opposition and Recognized Opposition Parties	7	11,273	11,273	22,546
	121	511,123	484,001	995,124

Note: Contributors as Members of the Executive Council, Speaker, Deputy Speaker, and Leaders of the Opposition and Recognized Opposition Parties, are also contributors as Members of the Legislative Assembly.

Refunds

No refunds were issued during the year to participants upon termination.

Death in Service Benefits

In the current year, one member died while in service. The surviving spouse was granted a spousal pension.

Information and Counselling Services

During the year, Payroll and Pensions Division provided counselling assistance to those members considering retirement.

Four *Pension News* information bulletins were prepared for the Legislative Assembly Office to assist staff in carrying out their responsibilities under the pension plan. The Alberta Retired Public Employees Society was again assisted by Payroll and Pensions with the publication of their quarterly newspaper *Postscript*.

Annual statements containing information on pensionable service, contributions, and prior service were produced and forwarded to the Legislative Assembly office for distribution to all active participants in the plan.

Pension Benefits

During the year ended March 31, 1991, pension benefits paid totalled $2,534,215; an increase of $26,415 (1.1 percent) over the previous year.

One pension was granted in the category shown in the table below. Previous year figures are included for comparison.

	1991	1990
Normal Retirement	–	2
Early Retirement	–	21 (7)
Death-in-Service (Spousal)	1 (1)	–
	1 (1)	23 (7)

( ) Brackets denote pensions co-ordinated with Canada Pension Plan (CPP) and/or federal Old Age Security (OAS) payments.

Pension options selected by members were as follows:

	At April 1, 1990	New Retirements	Beneficiaries	Deaths	At March 31, 991
Member Pensions					
Normal (life with 75 percent survivor pension)	1.8		4	(4)	138
Single Life	1				1
Guaranteed 10 years	5			(1)	4
Guaranteed 15 years	5			(3)	2
Guaranteed 20 years	24				24
Joint Life non-reduced	9				9
Joint Life reduced one third	3				3
Joint Life reduced one half	1				1
Spousal Pensions					
Single Life	1	1			2
Guaranteed 5 years	2				2
Guaranteed 10 years	1				1
Guaranteed 15 years	1				1
Guaranteed 20 years	1				1
Total Pensions	192	1	4	(8)	189
Pensions Co-ordinated with CPP and/or OAS	61	1		(5)	57

The schedule below categorizes the pensions in effect at March 31, 1991, by dollar value of monthly pension:

Dollar Value Per Month $	Member Pensions	Spousal Pensions	Total
1 to 499	33	2	35
500 to 999	54	2	56
1,000 to 1,499	48	1	49
1,500 to 1,999	24	2	26
2,000 and over	23	–	23
	182	7	189

Effective January 1, 1991, a cost of living adjustment of 3.25 percent was granted to those pensioners in receipt of a pension for one year or more with a proportionately smaller increase granted to those retiring during the calendar year 1990.

Statement Of Receipts and Payments
Year Ended March 31, 1991

	1991 $	1990 $
RECEIPTS		
Member contributions	511,123	538,575
Government contributions	484,001	496,297
Total Receipts	995,124	1,034,872
PAYMENTS		
Benefits		
Pensions to retired members	2,461,686	2,442,078
Pensions to surviving spouses	72,529	65,722
	2,534,215	2,507,800
Withdrawals		
Refunds of contributions and interest to terminated members	–	47,253
Refunds of excess contributions	–	99
	–	47,352
Total Payments	2,534,215	2,555,152
Excess of Payments over Receipts	1,539,091	1,520,280

Comparative Statistics

The table below shows comparative statistics of receipts and payments for the most recent five fiscal years.

(000s)

Fiscal Year	RECEIPTS			PAYMENTS			
	Member $	Government $	Total $	Benefits $	With-drawals $	Total $	Excess of Payments Over Receipts $
1990/91	511	484	995	2,534	–	2,534	1,539
1989/90	539	496	1,035	2,508	47	2,555	1,520
1988/89	394	377	771	1,981	–	1,981	1,210
1987/88	343	322	665	1,954	–	1,954	1,289
1986/87	417	325	742	1,850	39	1,889	1,147